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State of Idaho

Legislative Services Office

## Management Report

A communication to the Joint Finance-Appropriations Committee

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# IDAHO DEPARTMENT OF COMMERCE

FY 2007, 2008, AND 2009

**Report IC22009**

**Date Issued: September 7, 2010**

*Serving Idaho's Citizen Legislature*



Idaho Legislative Services Office  
Legislative Audits Division

Don H. Berg, CGFM, Manager

IDAHO DEPARTMENT OF COMMERCE

## SUMMARY

### PURPOSE OF MANAGEMENT REVIEW

We conducted a management review of the Idaho Department of Commerce covering the fiscal years ended June 30, 2007, 2008, and 2009. Our review covered general administrative procedures and accounting controls to determine that activities are properly recorded and reported.

The intent of this review was not to express an opinion, but to provide general assurance on internal controls and to raise the awareness of management and others of any conditions and control weaknesses that may exist and offer recommendations for improvement.

### CONCLUSION

We did not identify any significant conditions or weaknesses in the general administrative and accounting controls of the Department.

### FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report or the prior report.

### AGENCY RESPONSE

### FINANCIAL INFORMATION

The following financial data is for informational purposes only.

#### IDAHO DEPARTMENT OF COMMERCE – FISCAL YEAR 2009

Fund	Title	Beginning			
		Cash/ Appropriation	Receipts/ Transfers In	Disbursements/ Transfers Out	Ending Cash/ Appropriation
0001	General Fund	\$12,509,587	\$0	\$7,891,359	\$4,618,228 *
0120	Business and Jobs Development	2,380,578	50,971	830,578	1,600,971
0125	Indirect Cost Recovery-SWCAP	25,130	71,073	62,008	34,195
0150	Budget Stabilization	13,000	0	0	13,000
0212	Idaho Travel and Convention Account	5,577,697	6,844,324	7,236,818	5,185,203
0348	Federal	(95,123)	8,433,020	8,503,235	(165,338) **
0349	Miscellaneous Revenue	556,034	82,583	395,833	242,784
0401	Seminars and Publications	161,019	281,168	258,198	183,989
		<u>\$21,127,922</u>	<u>\$15,763,139</u>	<u>\$25,178,029</u>	<u>\$11,713,032</u>

\*The General Fund ending appropriation consists of an encumbrance of \$4,126,895 and a reversion of \$491,333.

\*\*The Federal Grant Fund 0348 can have a negative cash balance resulting from a "borrowing limit" of \$4,725,000 established for cash flow purposes.

**OTHER INFORMATION**

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho and the Idaho Department of Commerce and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Donald Dietrich, and his staff.

**ASSIGNED STAFF**

Eugene Sparks, CPA, CGFM, Managing Auditor

Liz Yturralde, CPA, CGFM, In-Charge Auditor

Maresa Blessinger, Staff Auditor

# TABLE OF CONTENTS

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Agency Response.....	1
Appendix.....	2

## AGENCY RESPONSE

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C.L. "BUTCH" OTTER, GOVERNOR  
DONALD A. DIETRICH, DIRECTOR

August 19, 2010

Don H. Berg, CGFM  
Division Manager, Legislative Audit  
Legislative Services Office  
PO Box 83720  
Boise ID 83720-0054  
Statehouse Mail

Re: Idaho Department of Commerce - Management Report FY2007, 2008 and 2009

Dear Mr. Berg,

The Idaho Department of Commerce concurs with your findings, conclusion and recommendations regarding the Idaho Department of Commerce's Management Report for FY2007, 2008 and 2009.

We appreciate working with Gene Sparks and your staff, and greatly value your advice and assessment of our department.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald A. Dietrich". The signature is fluid and cursive.

Donald A. Dietrich  
Director

# APPENDIX

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## **HISTORY**

The Idaho Department of Commerce and the Idaho Department of Labor were merged to form the Idaho Department of Commerce and Labor in State fiscal year 2005. In State fiscal year 2008, the Idaho Department of Commerce and Labor was separated to reinstate the Department of Commerce and the Department of Labor as separate entities.

## **PURPOSE**

The Idaho Department of Commerce works to create jobs and advance the well-being and prosperity of Idaho citizens, upgrade public facilities necessary for economic growth, and promote Idaho's products, people, and places. Committed to ensuring access to a comprehensive menu of quality services and information for all its customers and partners, the Department offers many economic development programs to the citizens of Idaho.

## **COUNCILS FOR COMMERCE**

As required by Idaho Code, Section 67-4704, the Governor appoints an Economic Advisory Council to assist the director. This Council comprises six members representing each of the six planning regions of the State. Membership is divided between political parties. This Council assists the Department in preparing and executing plans, projects, and programs.

The Governor also appoints an Idaho Travel Council in accordance with Idaho Code, Section 67-4712. This Council consists of eight members, seven representing Idaho's seven travel regions and one appointed at-large. Council members must be actively involved in the State's travel and convention industry to receive appointment. The Council advises the Department on matters concerning promotion and marketing of Idaho tourism. The Council also reviews and recommends acceptance or denial of local grant requests submitted by nonprofit groups or organizations.

The Idaho Innovation Council, formerly the Science and Technology Advisory Council, was created in 1999 by Governor Kempthorne and was reestablished in 2004. The Council is created by Idaho Code, Section 67-4726, to support the commercial innovation division of the Department of Commerce in its development and publishing of information on the condition and importance of innovation to the State's economy. The Council members are appointed by the Governor. The Council includes representatives from the private sector with expertise in the transfer and commercialization of technology, and representatives from the Department of Commerce, the Office of the State Board of Education, and the Office of the Governor.

## **ORGANIZATION**

The director of the Department serves at the pleasure of the Governor. The Department has a staff of 56, organized into six program divisions as described below:

### Division of Administration

Assists the Department and its operational divisions in meeting its overall mission and goals by providing key fiscal, human resource, and administrative services.

#### Division of Tourism Development

Works to expand Idaho's tourism and recreation industry by marketing the State's travel opportunities domestically and internationally through a variety of means. The Idaho Film Office promotes all types of media productions and media workforce development in the State.

#### Division of Economic, Community, and Rural Development

Helps existing businesses expand, encourages the start-up of new Idaho businesses, and helps bring about economic diversification by attracting new businesses to Idaho. It assists local development efforts, and develops, maintains, and disseminates economic and demographic data. In addition, it provides financial and technical assistance to Idaho's cities and counties in the construction and rehabilitation of critical infrastructure to support economic diversification, job creation, business expansion, and a sense of community.

#### Division of International Business

Helps Idaho's businesses export goods and services, develop new markets, and increase foreign awareness and acceptance of Idaho's products and services.

#### Division of Commercial Innovation

Supports technology-based economic development and helps entrepreneurs create new businesses and job opportunities across the industry sector.

#### Division of Marketing, Communication, and Research

Works to raise awareness of Idaho's attributes globally, nationally, and locally; compiles data, trends, statistics, and metrics to make informed decisions.

### **FUNDING**

During the period covered by this review, the Department was funded by the General Fund; federal funds; dedicated funds from the 2% hotel/motel and campground tax; miscellaneous receipts from the sale of advertising, posters, promotional items; and registration fees for promotional and educational conferences.



**C.L. "BUTCH" OTTER**  
GOVERNOR

Deputy Attorney  
General  
Steve Vinsonhaler

**DONALD A. DIETRICH**  
Director

Beth Sparks  
Mgmt Assistant

Economic Advisory  
Council  
Janice McMillan, Chair

Idaho Travel  
Council  
John May, Chair

Innovation  
Council  
Jefferson Jewel, Chair

**ADMINISTRATION**

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Danita Davis  
Debbie Jones  
Linda Sparks

**COMMERCIAL  
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